

Fiscal Year 2015 Proposed Budget

Preserving Services and Preparing for the Future





Through Fiscal Discipline...

Mayor and City Council have steered Long Beach through the “Great Recession”

- Made difficult cuts and balanced past budget
- Cut \$134 million and 714 positions over last 8 years
- Invested in maintenance, efficiency and effectiveness
- Established and followed Financial Policies
- Used FY 14 temporary surplus to reduce or eliminate deficits in the future



Through Fiscal Discipline...

Pensions Addressed

- Pension Reform, in conjunction with employees, saving almost \$250 million over 10 years
- CalPERS Board actions ensure plan funded over 30 years
- Creation of CalPERS Stabilization Fund - helps protect against service reductions due to fluctuating CalPERS investment earnings



Operational & Efficiency Improvements

- Reduced General Fund Management by 28%
- Eliminated hundreds of vehicles from City Fleet
- Consolidated clerical staffing
- Streamlined permit fees and consolidated inspection services
- Eliminated two departments
- Implementing more efficient ambulance service



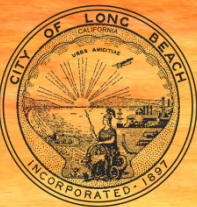
Operational & Efficiency Improvements

- Implemented LBCOP to leverage technology to fight crime
- Reduced skill and standby pays
- Implementing new systems
 - parking citation system to improve collection rates
 - business license system
 - utility billing system
 - financial and HR systems



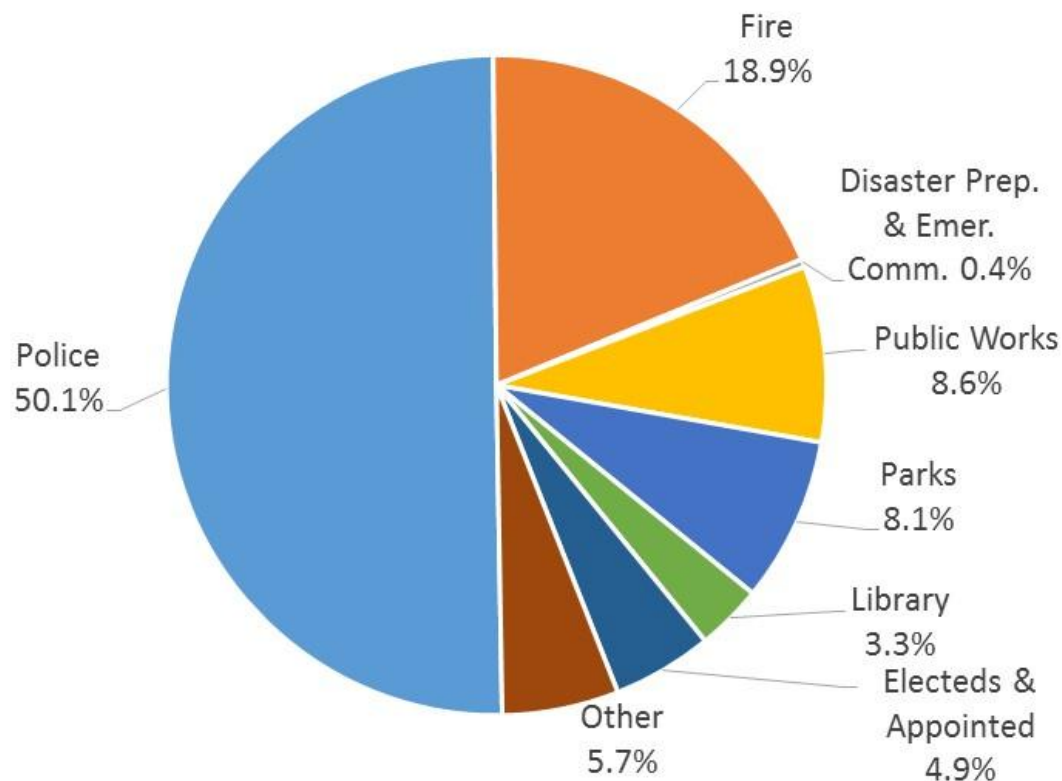
FY 14 Accomplishments

- 41-year low for violent crimes
- Major building projects completed or underway including:
 - Molina Healthcare
 - Mercedes Benz
 - Douglas Park
 - Middle Harbor
 - Numerous Restaurants
 - Pike Retail
- Awards for Downtown Plan and Mobility Element
- Gold Medal award for Parks, Recreation and Marine Department
- New temporary Belmont Pool installed with a 10-month period
- New billboard ordinance to reduce blight in the community
- “A” and “B” grades for water quality



FY 15 Budget: Preserving Services

- Police, Fire, Public Works, Parks, Libraries and all other major services are preserved in proposed budget
- Use of Proportionate Share keeps budget aligned with Council priorities and incentivizes departments to be efficient





Preserving Services

Focus on Public Safety

- 70% of the General Fund budget devoted to Public Safety
- Police and Fire academies are funded
- Adds 2 police officers for LB Transit and 9 firefighters in the Port
- Includes \$2.2 million in enhanced overtime for gang prevention and other efforts
- Invests in Police technology and new East Police Station
- Uses GEMT state revenues for 4* new engines/pumpers

*Proposed FY 2015 Budget includes 5 Engines/Pumpers; however, anticipated funds were effectively redirected to sidewalks per City Council action on 7/1/14. The FY 15 Appropriation Ordinance will be corrected to reflect this action by City Council.



Preserving Services

Funds our Prior Year Commitments

- \$287,000 for park maintenance for new and expanded parks (e.g. Chittick)
- \$109,000 (.74 FTE General Fund portion) for a position to oversee:
 - Language Access Plan,
 - Violence Prevention Plan,
 - LBGRIP, and
 - Human Dignity Program
- \$49,000 (0.5 FTE General Fund portion) for a position to improve homeless services



Preparing for the Future

Investments in Efficiency Improvements

- \$2.45 million for park irrigation upgrades and water needs
- \$1.37 million for artificial turf conversion
- \$800,000 to purchase and install smart parking meters
- \$1.3 million in State Air Quality funds for fuel efficient vehicles and anti-idling technology



Preparing for the Future

Enhanced Focus on Critical Infrastructure

- \$1 million for streets, supplements \$4.9 million Residential street program in the Capital Budget
- \$1 million for sidewalks, supplements \$3.0 million sidewalk program in the Capital Budget
- \$2.1 million to fund the North Library
- \$400,000 for other critical equipment



Preparing for the Future

Efficiencies/Reorganizations

- Police reorganization adds 18 sworn police officers to front line police services
- Development Services restructuring permit counter for improved customer service
- Public Works reviewing project management and organization structure to improve project output and workflow
- Health is increasing grant funded positions to maximize state and federal grants
- Parks, Recreation & Marine reorganizing the Animal Care Bureau for efficiency and oversight



Preparing for the Future

Funds Our Future Commitments

- 5% of non-recurring revenue to fund unfunded liabilities
- Transfer of \$3.1 million temporary surplus to CalPERS Stabilization Fund



Challenges are Coming

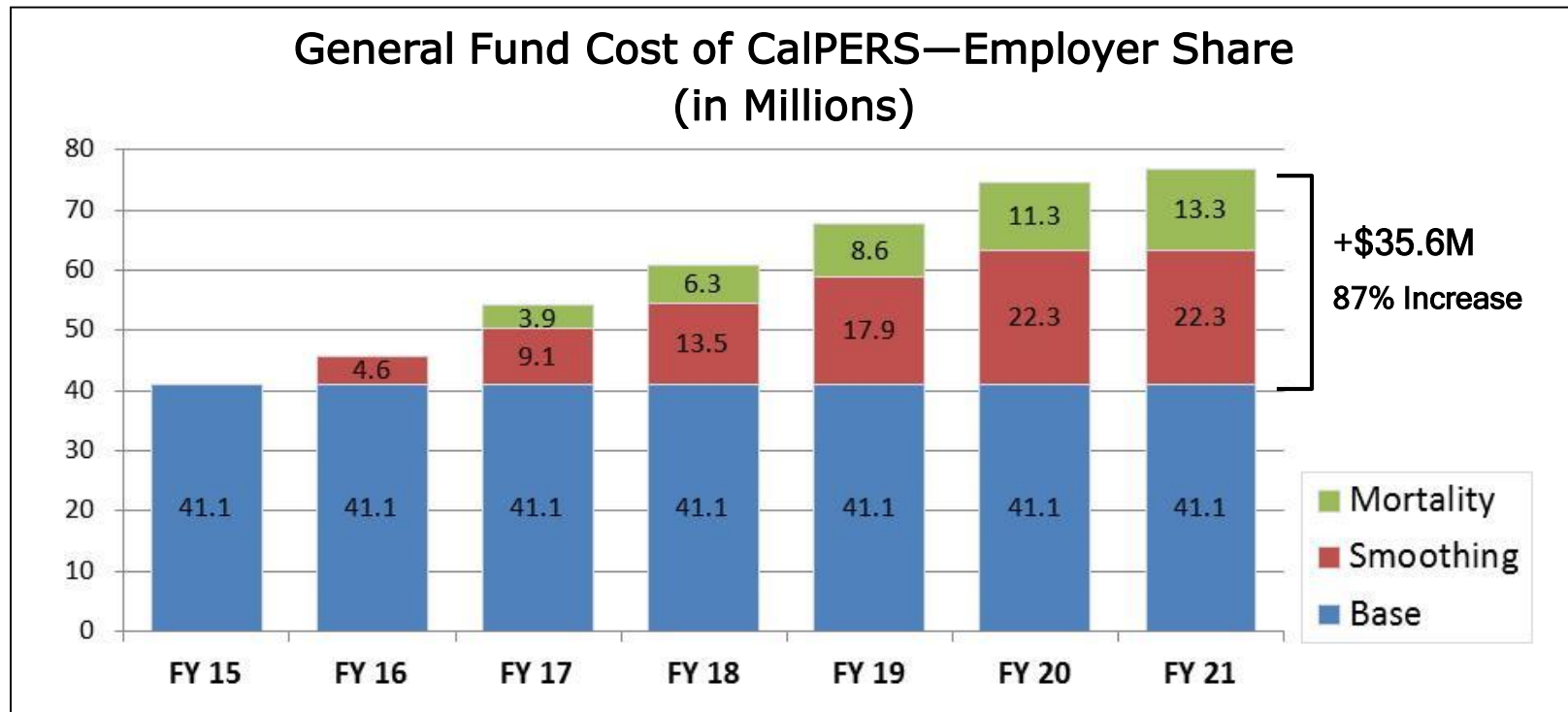
City Revenues are Not Sufficient to Sustain Service Increases

- FY 15 and FY 16 are transition years
- Expenses have been and are likely to continue to outpace revenues for foreseeable future
 - Revenues, excluding one-time events, have declined over the last five years – there has been negative basic growth
 - Key personnel expense categories have increased on average between 1% and 7% over last five years



Challenges are Coming

CalPERS Rate Increases: \$35.6 million per year





Challenges are Coming

Other Challenges

- Expiring employee agreements
- Employee benefit costs outpace inflation
- Unfunded liabilities

Unfunded Liabilities (In millions of \$)	
CalPERS Pension	943
Sick Leave	119
Retiree Health Subsidy	220
Workers' Compensation	111
Total	1,393



Challenges are Coming

- Facing deficit of \$2.5 million in FY 16 and \$8.5 million in FY 17
- Proposed Budget applies the \$3.1 million FY 15 temporary surplus to help solve the FY 16 and FY 17 deficits

In Millions	FY 15 Budget	FY 16 Projected	FY 17 Projected	Cumulative
Proposed Budget	\$0.0*	\$0.0*	(\$7.9 M)	(\$7.9 M)
Spend Temporary Surplus	\$0.0	(\$2.5 M)	(\$8.5 M)	(\$11.0 M)

* Includes FY 15 \$3.1 million and FY 16 \$0.6 million transfer to CalPERS Stabilization Fund



A Plan for Success

- Maintains current services through proportionate share
- There are no new services without offsetting reductions
- Police and Fire academies provide for new police officers and fire fighters
- The budget continues to develop efficiencies and explore cost reductions and ways to maximize existing revenues for the future
- One-time expenditures focus on reducing operating costs
- Adds to CalPERS stabilization fund and carries over temporary surplus to address future deficits
- Additional funding for unfunded liabilities per 5% Council policy



FY 15 Budget Highlights

- Maintains strong city services for a diverse and vibrant community
- Continues investment in City infrastructure
- Maintains fiscal discipline
- Continues to develop efficiencies and explore cost reductions
- Continues to maximize existing revenues and find new revenues
- Maintains Long Beach's financial health



FY 15 Budget Timeline

- March 11 Budget Outlook Council Presentation
- March 12 Instructions to Departments
- July 3 Submittal of Proposed Budget to Mayor
- July 9 Mayor Submits Proposed Budget to City Council
- July 22 City Manager Presents Proposed Budget & Proposed Capital Budget Presentation
- August Community Budget Meetings
- August Budget Oversight Committee Meetings
- August 5 Budget Meeting (tentative)
- August 12 Budget Meeting (tentative)
- August 19 Budget Meeting (tentative)
- September 2 Budget Hearing and 1st adoption date
- September 9 Budget Hearing and 2nd adoption date

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